



Town of Southern Shores

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Ordinance 2005-11-01

AN ORDINANCE AMENDING THE CABLE TELEVISION FRANCHISE WITH TO FALCON VIDEO COMMUNICATIONS, LP, d.b.a. CHARTER COMMUNICATIONS

WHEREAS, Charter Communications, VI, a/k/a Charter Communications ("Charter") is currently operating under the terms of a cable franchise with the Town of Southern Shores, North Carolina ("Town") granted by Ordinance, August 1, 2001, (the "Franchise"); and

WHEREAS, Charter's Franchise with the Town is currently in effect; and

WHEREAS, Charter and the Town willingly agree to an amendment to the Franchise to provide for a franchise fee payable by Charter to Town for the remainder of the franchise term; and

WHEREAS, the Town desires and Charter agrees to collect franchise fees for the Town; and

WHEREAS, within sixty (60) days of the adoption of this Ordinance Charter will collect and remit to the Town franchise fees in the amount of five percent (5%) of Charter's gross revenue as the term "gross revenue" is defined by this Ordinance and in accordance with the terms of this ordinance amendment.

NOW, THEREFORE, BE IT ORDAINED by the Town Council for the Town of Southern Shores, North Carolina that the Cable Television Franchise with Falcon Video Communications, LP, d.b.a. Charter Communications is hereby amended as follows:

Section 2.1 Franchise Fee. is amended by rewriting paragraph A. Compensation to read as follows:
Compensation.

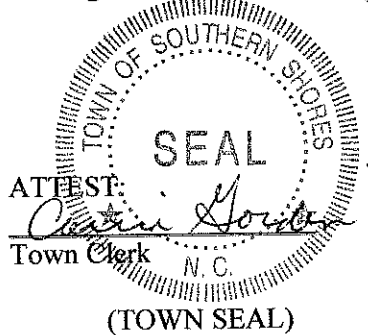
~~The Town has opted to not require the payment of a franchise fee for the term of the Franchise.~~

In further consideration for the rights and privileges granted under this Franchise and the costs and obligations undertaken by the Town as a result of this Agreement, the Charter agrees to pay to the Town during the term of this Agreement, an amount equal to five percent (5%) of the annual Gross Revenue of Charter as herein defined, paid in quarterly installments within forty-five (days) from the last day of January, April, July, and October of each year during the term of this Franchise. "Gross Revenue" shall mean all cash compensation or revenues of any kind or nature received directly or indirectly by the Grantee, its subsidiaries or parent which are cable operators, arising from, attributable to, or in any way derived from the provision of Cable Services and any other Cable Services provided in the future by Charter within the Town, as long as all such Gross Revenues are in accordance with Generally Accepted Accounting Principals, provided, however, that such term shall not include: (1) any local, state or federal tax; (2) un-recovered bad debt; and any EG amounts recovered from subscribers. Gross Revenue includes, but is not limited to, monthly fees charged to subscribers for basic service; monthly fees charged to subscribers for any optional, premium or per-channel or per-program service; monthly fees charged to subscribers for any tier of service other than basic service; installation,

disconnection, re-connection, franchise fees collected from subscribers; change-in-service fees; leased channel fees; late fees; converter fees, rentals or sales; advertising revenues; and revenues derived by Charter from home shopping channel sales to subscribers. Advertising and home shopping revenues shall be allocated on a pro-rata basis based on the proportion of total subscribers on Grantee's cable system represented by subscribers residing within the franchise area, provided they cannot be calculated on a per-franchise basis. Gross Revenue as here defined shall be the basis for computing the franchise fee and includes all revenue, as defined above, provided, however, there shall be excluded from Gross Revenue any service provided by Charter upon which the Town is prohibited by law from imposing a franchise fee.

For the purpose of confirming the franchise fee paid under this section, Charter shall provide to the Town documentation supporting its annual gross revenue statement(s) for the prior year. The Town shall have the right to conduct an independent review of the books and records of the Charter relating to the calculation of the gross revenue calculation, and shall have the right to require an audit of Charter's books and records if the Town has any question about the gross revenue calculation performed by Charter.

ADOPTED the 6th day of December, 2005 following reading and adoption at two regularly scheduled meetings on the 1st day of November, 2005 and the 6th day December, 2005.



Town of Southern Shores, North Carolina

By:

Name/Title: DON SMITH, MAYOR

ACCEPTED this ____ day of _____, _____.

Charter Communications, VI

By: _____

Josh Jamison

Name/Title: Northeast Division Senior VP